

CONFIDENTIAL

Executive OGC HAS REVIEWED.

23 December 1949

Budget Officer

Payment of Premiums or Cost of Surety Bonds

Reference: Memorandum from Acting Chief, Finance Division to the Executive dated 28 November 1949

1. A review of the comments of the Acting Chief, Finance Division, and the recommendations set forth in his memorandum of 28 November 1949 indicates that the approval of 9 August 1949 of the Director of Central Intelligence has served as remedial action for most of the problems presented with respect to the payment of bond premiums by the individual officials and employees throughout the Agency. Apparently, there is no question with respect to the effective date remaining 9 August 1949 which was the date the Director approved this office's memorandum of 5 August 1949. 714e (549)

2. With respect to the types of bonds involved, it appears that the memorandum of 9 August 1949 is sufficiently wide in scope to afford adequate coverage with the exception of those individuals in the Agency who may be bonded for Public Notary purposes. It is the opinion of this office that this is a type of bond (or license for which a fee is charged) that was not intended to be covered by the applicable provisions of Public Law 110. This particular problem has arisen a number of times in the past and it is understood that reimbursement has been refused on the basis of opinions of both financial and legal officials of the Agency.

3. With respect to the matter of the applicability of the bond premium provision as approved by the Director on 9 August 1949 to individuals bonded in conjunction with vouchered activities as compared with confidential fund operations, the consensus of opinion on the part of vouchered certifying officers is that until some provision is made to permit Certifying Officers to be reimbursed for their bond premiums in all Government Agencies that they should not take advantage of the provision in Public Law 110. It is the reaction of this office that the regular bonded Certifying Officials applicable to unvouchered activities (one who normally pays a premium of \$5.00 a year) should be similarly treated and should not be reimbursed from Agency funds. In so far as Agent Cashiers and individuals having custodial bonds are concerned, it has been the understanding of this office that under the approval of 9 August 1949 current premium payments (those paid on or after 9 August 1949) would be reimbursed to the individuals involved.

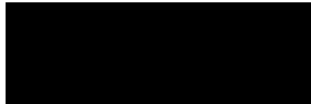
4. There remains a question as to whether or not Agent Cashiers and/or other individuals currently bonded in connection with unvouchered activities should be reimbursed for the amount of their unexpired (as of 9 August 1949) prepaid premium payments. It was not the original

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intent in submitting the memorandum of 5 August 1949 for the Director's approval to have such approval given a "retroactive" effect. However, if the Director should desire to give his retroactive approval as a supplementation to the approval of 9 August 1949, this office perceives no objection to permitting reimbursement to the Agent Cashiers involved in the following amounts:

25X1A



\$10.36
199.72
52.52

If the individuals who have paid their annual premiums of \$13.50 for custodial bonds wish to present claims for the relatively small amounts involved for the pro-rated period beginning 9 August 1949, it would also appear that such claims should be honored.

E. R. SAUNDERS

ERS:RJ

cc:

Chief, Special Support Staff
General Counsel ✓
Chief, Finance Division
Signer's copy

C.R. 230 B Agent Cashiers

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